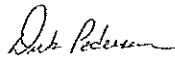


State of Oregon  
Department of Environmental Quality

Memorandum

Date: June 11, 2010

**To:** Dick Pedersen (Director),   
Wendy Wiles (Land Quality DA)  
Nina DeConcini (Northwest Region DA)

**From:** Debbie Bailey (Project Manager)  
Bruce Gilles (NWR Cleanup and Emergency Response Section Manager)  
Jeff Christensen (Cleanup and Emergency Response Program Manager)

**Subject:** Armstrong World Industries EPA Referral Recommendation

The Cleanup Program has prepared this memorandum to provide information on the status of the Armstrong World Industries site located in St. Helens. The attached fact sheet provides a summary of the history of the site. DEQ issued a unilateral order to Armstrong World Industries in 2001 that required completion of a remedial investigation and feasibility study, and upon DEQ selection of a final remedy, remedy implementation. DEQ and Kaiser Gypsum Company entered a voluntary agreement in 2008 wherein Kaiser would perform a limited in-water investigation, which was predicated by Armstrong's refusal to do so. Armstrong and Owens Corning participated in the in-water investigation with Kaiser as the lead. The in-water investigation identified sediment hot spots of contamination emanating from the facility to Scappoose Bay. Although considerable investigation has been performed, significant delays have occurred over the course of the last nine years in moving forward to cleanup at the site.

In January 2010, DEQ notified the parties of its decision to refer the project to EPA due to the lack of progress on upland work and refusal to address in-water sediment contamination. The site clearly requires remedial action considering the concentrations of dioxins and furans found particularly in the lowland soils and the sediment at the site. Following receipt of the information on EPA referral, the parties agreed to perform the work and work with DEQ to complete the investigation and cleanup in a timely manner if DEQ agreed to withdraw its request for EPA to evaluate the site for inclusion on the NPL. As evidence of cooperation and commitment, DEQ advised the parties that they would need to enter a joint order with an enforceable schedule for completion of required work. A draft Consent Order with an attached scope of work has been submitted to the parties for their review. At the same time we are negotiating the order, additional work is in progress to complete the remedial investigation. Negotiations on the order have been productive and we are optimistic that an agreement on a consent order appears to be near.

After DEQ's referral, EPA proceeded to compile the listing package for the property. The initial conclusion regarding the site is that it scores and is a candidate for the NPL. At this time EPA has requested that DEQ state its intention to proceed with the referral.

We recommend requesting EPA suspend the NPL listing process until we can adequately gauge whether or not the parties are indeed willing to proceed with the investigation and cleanup in a timely manner and without creating further obstacles to progress. If they sign the order and complete the remedial investigation, risk assessment, and feasibility study within the schedule established in the order we would not complete the referral to EPA. If they do not proceed in a timely manner, we would prepare another memo to you recommending that we ask EPA to complete the NPL listing process.

Potentially favorable outcomes if the NPL referral is postponed:

- The community will avoid the stigma of an NPL site.
- The work will not be suspended due to the parties refusal to perform further work under existing agreements. Significant DEQ staff time and financial resources to enforce the Armstrong order in court would not be needed. If DEQ proposes to move lead oversight to EPA, this may lead to delays into 2012 before an EPA order is issued and the RI is reinitiated. EPA would likely exhaust its enforcement options prior to assuming lead in performance of the RI/FS.
- The site will be managed under DEQ's rules and regulations rather than federal rules and regulations.
- DEQ does not have to address the issue of matching funds for an NPL site, i.e., agreeing to matching funds in the future should Superfund funds be used for the project in the future.

Potentially unfavorable outcomes if the NPL listing referral is postponed:

- On-going disputes regarding liability between parties or unresolved technical disputes with DEQ on evaluation of risk or cleanup requirements could lead to circumstances that lead to DEQ referral to recur. Listing would then be delayed during the period.
- The Columbia River is designated as a waterway of national significance where expectations are high for reducing toxics present in the watershed. A decision to defer listing may be viewed negatively by local, state and federal stakeholders for the Columbia River watershed in light of the significance of the contamination on the site.

Based on the information presented above, the Cleanup Program recommends postponement of the listing referral for at least six months. We will continue to carefully assess the parties' performance in completing the work according to the order schedule and are prepared to reissue a recommendation for your concurrence for EPA to reinitiate listing as circumstances warrant.